423 so many solemn assurances had been made on the highest authority that there would be no collectivization. . . .

The Russians well realize that collectivization means a decrease of production and a lowering of living standards. But the Soviet regime—materialistic in all its aspects—does not concern itself with materialistic calculations in its drive for forcible collectization: collectivization is a part of the "ideological drive." That is, a part of perfecting the POLICE REGIME.

There were no "estate owners" or "peasants" in Lithuania: Lithuanian agriculturists were all dignified and self-respecting medium and small FARMERS, HUSBANDMEN, who produced enough to maintain comfortable living standards, provided gradual accumulation of farming machinery, earned income enabling them to send their children to universities. They entered specialized fields of production—dairying, cattle breeding, sugar beet production, fowl raising, pig breeding, etc. Lithuanian agricultural economy enabled the country to export annually increasing quantities of the highest grade butter, eggs, cheese, hams, bacon, canned meat, frozen meats, flax, bristles, casings, lard, etc. The farmers lived in isolated homesteads, rather than in Russian-type clustered villages. They enjoyed privacy in their homes surrounded by orchards and flower gardens and crosses.

But, from the Soviet point of view, individual farming tends to maintain "rugged individualism," independent thinking, self-reliance, self-respect, dislike of a police interference. Production by independent farmers cannot be controlled by the most precisely calculated estimates—and the Russians are thinking in terms of simple grain production, rather than specialized varieties of agriculture. Russian officials can never be certain whether the last ounce had been squeezed from an independent farmer.

And a farmer living in his isolated homestead escapes the continual surveillance of the MVD network of spies! Walking off to his orchard, garden or grove, he could maintain liaison with the "people's enemies" and "political bandits"—and every independent-thinking Lithuanian is either a "political bandit" or a "people's enemy" in the Soviet mentality. He could supply the "bandits" with food or clothing, or shelter them at night. This is the most "criminal" aspect of individual farming.

474 In the kolkhoz—it is quite different.

626 Hundreds of families are herded into a closely guarded enclosure where each person is assigned so much "living space" and has no choice in selecting either the "breathing space" or room mates. A few dozen armed MVD troops guard the huge estate bared of all tree vegetation. There is no chance for "hoarding" or secreting a part of the production which is checked in the field by Party officials. No one can enter or leave unnoticed and unquestioned. Every fifth person is an agent informer of the MVD. No one can leave at night or maintain any contacts unsurveyed by the MVD. Everyone can be depended upon to report dutifully for casting his or her ballot at periodic "elections." No one owns any property, except the few pieces of furniture, bedding and personal rags. No one can read the clandestine press unobserved by the agents. No one can own a radio set or listen to clandestine broadcasts. There are "red corners" supplied with ample official propaganda literature and a radio

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474 626 tuned to either Vilnius or Moscow broadcasts deemed proper by the authorities—and loudspeakers are installed so that no one can escape hearing such news. And there is no church or chapel—no one can leave to attend religious services.

In fact, the kolkhoz is a CONCENTRATION CAMP OF STATE SERFS. The Council of Ministers of the Soviet Union published a decree on 7 July 1948: "No one may leave the kolkhoz or any section thereof without permission of the authorities." The serfs must produce their quotas of work—or face a trial for "sabotage."

The *Izvestiya* article of 22 July 1948 was preceded by a boast of comrade Sniečkus, First Secretary of the LKP/b CK: "659,000 ha. of land were seized from estate owners and redistributed to smallholders and the landless." The gratuitious gift of land "for all time" of 15% of all cultivated land area of the country was coupled with a boast of comrade Sniečkus: 900 farms in Šiauliai county were merged into 32 "co-operative artels."

Soon after the gift of land "for all time," the Riga radio broadcast on 30 August: "Sooner or later, *all* of the farmers of Latvia *must* go into kolkhozes." This tune was immediately echoed in the press of Lithuania: those refusing to go into "co-operative artels" were branded "state traitors." . . .

## Collectivization Procedure

474 Prior to 1948, there were 20 kolkhozes established in the depopulated and Russian-resettled District of Klaipėda and areas of Vilnius vacated by repatriates to Poland. Thereafter, the first kolkhozes were established among Russian Old Believer sectarians in the northeast. The first kolkhoz near Utena, in a purely Lithuanian community invaded by Russian settlers, was destroyed by the guerrillas. The serfs scattered.

In the spring of 1948, the collectivization drive was pushed.

[234] It began with the dairying farmers. Thus, the Party organ *Tiesa* announced in its issue of 11 May:

"Formerly, milk delivery quotas were fixed according to the number of cows owned by the farms. Now, milk delivery quotas are assessed according to the ratio of general land area under cultivation. The new system aims at inducing the farmers to develop the cattle industry. Furthermore, this decree is directed against the sabotage by the kulaks who falsify the actual number of cows held by them.

"On the other hand, peasants of the kolkhozes are relieved from any compulsory milk deliveries this year. Collective farms deliver milk from every hectare of land under cultivation—25 kilograms per hectare. Nevertheless, 50% reduction is granted for the years 1948 and 1949."

In the issue of 19 September 1948 comrade Sniečkus announced:

"The urgent desire of farmers to go into collective farms gained during the past spring and summer."

He cited 32 kolkhozes in Šiauliai county and new kolkhozes at Sasnava, Liūbavas and Kalvarija. At the same time he threatened a "relentless drive against kulak saboteurs" failing to meet compulsory grain and produce quotas. Numerous instances of prosecution and "loss of freedom" were cited.

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An entire issue of 2 November 1948 of the Party organ was dedicated to describing "the happiness" in the kolkhozes. "More than 300 collective farms are now found in the Republic. Their number increases apace. In a number of counties—viz., Šakiai, Šiauliai, Joniškis, etc.—peasants from entire contiguous areas now work collectively."

Eleven days later the number of kolkhozes was officially placed at 350. On 1 January 1949 the Vilnius radio broadcast that there were 600 kolkhozes in Lithuania. At the Party Congress of 16-19 February 1949 Sniečkus boasted that 22,868 *farm units were merged into* 926 *kolkhozes*. "Within a year the entire agricultural economy will be completely collectivized." In his four-hour speech, he thundered against "the bourgeois nationalist underground, reactionary clergy, western pernicious influences." . . .

*Tiesa* of 2 November 1948 quoted the new serfs as perfectly pleased with their degradation. Thus, one G. Misiūnas was quoted as saying that the Soviet regime had given him 15 ha. of land but that lately he entered a kolkhoz. "I keep one cow and am raising a pig." He received 7 hundredweights of wheat for his share of work. He also has an individual garden plot but intends to give it up, inasmuch as "the kolkhoz provides everything."

Another serf, L. Savickas, was quoted as saying that every peasant gets 5 rubles daily for his labor, plus payment in produce: the kolkhoz had already distributed 3 kg. of grains to each peasant and promised an additional 7 kg. He expects to work 516 days annually and calculates that, during a year, he would earn 6 tons of grains and about 2,500 rubles in cash. Other peasants might be working fewer days. Nevertheless, "none would earn less than 2 tons of grains."

This outlook was rudely jolted a week later, in the *Tiesa* of 10 November:

"The basic condition BEFORE the distribution of profit among the peasants of a collective farm is that—all of the duties to the state regarding deliveries and return of seed loans, must be met; obligations assumed under contracts be fulfilled; MTS (Motor Tractor Stations) be paid in produce for their work; taxes and state loan subscriptions be paid, and internal funds of an agricultural artel be created and expanded, as demanded by the regulations of agricultural artels.

"Prior to distribution of profit among the peasants, boards of the collective farms must never overlook the plans for their future development, such as construction of administration buildings, dynamo stations, new hatchery reproductors, cultural demands of the kolkhoz, etc. To overlook such important problems—means to trammel the further development of the farm."—In other words, sabotage.

The farmers know the value of the boasts of "happiness" published in the propaganda press—but do not underestimate the gravity of the warnings.

The propaganda was exported to Party comrades abroad, too. Thus, comrade Kunchin's article was published in the issue No. 181 of *Laisvė* of Brooklyn, N.Y. Comrade Kunchin described the collectivization in Joniškis county. The Party's county organization began an intensive drive for collectivization back in 1947. Farmers of the Žagarė township were forced by 4 local communists to drop all work and listen for hours to the agitators—20 such meetings were held.

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474 Grammar school teachers and library managers were enlisted in the propaganda task. At long last, following a year of propaganda, "in the early spring of 1948, the smallholders Gasparaitis, Daugėla and others from Stungiai village of Žagarė township declared a desire to form an agricultural artel in their village. The initiative on the part of the working peasants was immediately supported by the township and county Party and Soviet organs."

The pattern is very clear. Following a full year of terrorization, *two persons* were finally browbeaten "to take the initiative," that is, to sign on the dotted line in the presence of the armed militiamen who had repeatedly searched their farms, requisitioned "excess supplies," beat up and cursed the farmers. The rest of the "organs" immediately "supported the initiative": 56 families at long last capitulated, rather than go to Siberia, and formed the third kolkhoz in the county. . .

On 18 July, four days before the *Izvestiya* article boasting of landgrants to Lithuanian farmers "FOR ALL TIME," the Moscow radio blared: *"Not a foot of soil must be left in private hands!"*

On 24 July the Vilnius radio seconded: "Individual farms are—hatcheries of kulaks and nationalist bandits," and stressed that "every kolkhoz dweller is deputized by the Communist Party not only to perform his direct duties in the kolkhoz but *assist the Party in controlling the kulak farms* in the neighborhood."

On 9 August the Moscow radio noted that "individual farms, especially in the Baltic republics, were sheltering places for the enemy's agents. . . . It is the supreme duty of the communists of Lithuania to organize kolkhozes and *destroy the centers of bourgeois and Western influence.*"

## Resistance to Collectivization

161 474 *The New York Times* of 25 August 1948 published a dispatch from Paris depicting the paced up drive for collectivization. Greatest resistance was believed to exist in Lithuania.

In its issue of 17 October, the *Times* reported that "a new purge of kulaks" was expected in Lithuania. "Last May Soviet militia rounded up many Lithuanian families, ordered them to sign statements that they were moving to Siberia 'voluntarily,' and then sent them east. They were so-called kulaks."

By 14th December, the entire American press published comments on an article of comrade Trofimov complaining that the Lithuanians were dispatching to Lenin some "Soviet folk." Early in January, the Vilnius radio boasted of the *"liquidation of an insurrection" in Lithuania.*

What were the actual facts? The Russian MVD-MGB forces conducted *three "operations" of genocide* and mass deportations in the spring, autumn and winter. These "operations" were planned and ordered by the Kremlin Politburo, and comrade Gavedov was delegated by comrade Abakumov, State Security Minister of the USSR,to execute the "operations." Nevertheless, some gruesome events facilitated the improvisation of an "insurrection."

In consequence of the pussyfooting of the Allied and IRO officials, some simpleton DPs succumbed to the wiles of the Soviet repatriation missions in Western Germany and returned to Lithuania. Some of

661 them, like the 60-year old farmer J. Kaminskas from Oldenburg, were "detoured" to Siberia. Several other
474 families were forcibly repatriated by the Russians from Pomerania—and were executed by the local authorities when they reached their homes. Having identified the former refugees, the Russians at once retaliated against their relatives. Thus, in Sudavia, Rev. Degutis of Virbalis, Rev. Zdanavičius, Rev. Drazdys, township clerk Bieliauskas of Pajevonys, Stasys Aleksa from Jakiškiai, Jonas Micuta from Kunigiškiai were executed. In distant Samagitia, Antanas Ambrozaitis, Antanas Bieliauskas and several other men were exiled to Siberia from Kretinga and their *wives were forced to re-marry*. Similar events have taken place elsewhere.

668 The guerrilla commanders felt obliged to retaliate.
725 On learning that Eugenija Kubiliūtė of Pajevonys had been responsible for some of the Russian-conducted massacres, the guerrillas attacked Pajevonys, found the girl inside the Pajevonys township office, tied her and burned down the structure with the traitor girl inside. The same night the MVD-militia outpost was attacked and destroyed. In the northwest, the guerrillas simultaneously occupied several towns and killed all the communists. Other units invaded the Klaipėda District and seized a Russian arsenal at Šilutė-Heidekrug, including tanks and artillery pieces. Several battalions of the regular Soviet Army sent to combat the guerrillas unexpectedly passed over to the enemy. . . . If there was "insurrection," that was by the regular armed forces of Russia. MVD-MGB troops were moved in and light bombers were summoned to bomb the "bandits" who retreated to the forests. As Russian reinforcements rushed to Pajevonys, a Russian munitions dump exploded. . . .

Then followed the "operation" of May 1948.

## Genocide in Operation

474 Rural authorities were instructed to urge the dis-
661 possessed farmers to file applications for land allotments. Of course, none of these instructions were printed in the press. Local officials were instructed to stress that the Soviet regime wanted to endow everyone with land. When petitions were turned in, the officials informed the petitioners that land was allotted to them "in another township" and they must report to certain transportation points. When the farmers and their families, bearing their few worldly possessions arrived at the appointed places, they were encircled by MVD troops, driven to railroad depots and placed on board freight cars bound for Siberia. Conservative estimates placed the number of people deported in this despicable manner at more than 100,000.

Letters began arriving from the deportees telling about the numerous deaths while in transit. People trembled as they listened to threats made by countless agitators. Agricultural work was done listlessly. Fields were neglected. More and more failures to meet taxes and grain delivery quotas were reported in the press, announcing "temporary exile into friendly republics" of the "kulak saboteurs." People became resigned and agreed to go into kolkhozes.

668 The Lithuanian is passionately fond of his soil. How could he leave all his precious belongings and animals to the profane Russians to debase? No: he would rather burn down everything. . . .

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423 farms (not exceeding 74 acres) during the Sovietization were not reëstablished as owners but were continued as managers, so that the German masters might conveniently remove them from the farms at any moment.

Latest unofficial reports indicate that several hundred German managers have been sent to Lithuania to manage the former government farms. Apparently Germans are keeping the bigger farms for colonization in the event they win this second world war. No doubt, it will take several years after this war to regain the degree of agricultural production achieved during the peace period after 1918.

## COÖPERATIVES

● 474 Coöperatives are the backbone of progress and of economic reconstruction in Lithuania. Although the first cooperative societies in Lithuania originated as far back as the end of the eighteenth century, the wider coöperative movement was begun only in 1881, when the first consumer cooperative societies were organized by I. Ivanavicius. Ivanavicius acknowledges that his inspiration for coöperative work was obtained through traveling in Western Europe —Denmark, Germany, and Switzerland. He was the initiator and a member of the first coöperative dairy society, Birute, which was organized in 1889 and of which large and influential landowners of the district of Raseiniai were members. In 1912 there were in Lithuania 52 consumer coöperative societies with 8,193 members. For better coördination in this work, these individual coöperative societies attempted to establish a central organization, but they were refused permission by the Russian government.[16]

[16] Petras Salcius, *Kooperacija; Kooperacijos paskaitu kursas* (Coöperation; Lectures on Coöperation), Kaunas, 1931, p. 195.

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Vartotoju Bendroviu Sajunga Kooperatorius (The Union of Consumers' Coöperative Societies) was finally organized in 1915, but because of the war it was unable to start its work.

The second group of importance before the World War consisted of the credit coöperative societies. They were started in 1871, and in 1889 there were 31 of them in the provinces (gouvernements) of Kaunas, Vilnius, and Suvalkai. By 1915 their number reached 155.

The third group of coöperatives before the World War in Lithuania was made up of the agricultural coöperative societies. Their purpose was to raise the standard of agriculture and to introduce and demonstrate to the farmers modern scientific farming methods. These coöperative societies endeavored to supply farmers with fertilizers and farming machinery. The most successful one in that field was Zagre, which was established in 1907 and had by 1913 twenty branches. There were also numerous small coöperative farm groups.

During the first World War most of the coöperatives collapsed. Yet it was these early organizations that prepared the ground for a country-wide spread of coöperatives after the war.

That coöperative activity was strongly encouraged by the government may be observed from the Union Law of the Coöperative Societies, passed on February 7, 1919, which states:

Our country is a country of farms and there is no big capital concentrated in one place; nevertheless, there is much money in the same place, which may be concentrated and made useful through coöperatives. . . . The Ministry of Commerce and Industry is of the opinion that coöperatives will give the country a useful or-

474 ganization for the distribution of goods in markets and will abolish speculation among certain merchants who raise the prices spuriously by storing goods and not releasing them to the markets.[17]

It must be remembered that this opinion was expressed shortly after the war, when the great shortage of goods was felt everywhere.

474 647 In addition, a special Department of Coöperation was created as part of the Ministry of Commerce and Industry. Although the government encouraged coöperation, it did not interfere with sound private initiative, particularly in later years, when the post-war conditions were more settled. In 1920 the Department of Coöperation was abolished because coöperation in Lithuania became so strong that it no longer required any special attention from the government.

474 651 Before Soviet occupation in 1940 most of the coöperative establishments enjoyed tax exemption privileges. According to the Commerce, Industry, Credit, and Trade Profit Taxation Law,[18] the following coöperative establishments were to be free from profit taxes:

1. Consumers' coöperative societies whose capital did not exceed 50,000 litas.
2. All credit and agricultural coöperative societies.
3. All kinds of coöperative unions.
4. All those coöperative societies which did business exclusively among their members, even though their capital was in excess of 50,000 litas.

Undoubtedly those exceptions placed coöperative establishments in a somewhat privileged position in the competitive field as compared with private enterprises.

[17] Salcius, *op. cit.*, p. 203.
[18] V.Z., Nr. 168.

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Table 8 shows the number and types of coöperative societies in the years 1937 to 1939.[19]

TABLE 8

COÖPERATIVE SOCIETIES OF LITHUANIA
1937–39

| TYPE OF COÖPERATIVE | NUMBER OF SOCIETIES REGISTERED | | |
|---|---|---|---|
| | *1937* | *1938* | *1939* |
| 1. Credit | 408 | 398 | 401 |
| 2. Stores and consumers' coöperatives | 248 | 251 | 275 |
| 3. Manufacturing | 226 | 228 | 224 |
| 4. Insurance | 1 | 2 | 2 |
| 5. Nonclassified | 375 | 409 | 430 |
| TOTAL | 1,258 | 1,288 | 1,332 |

*1. Credit coöperatives.*—Credit coöperative societies were the first to be reëstablished, after the war, in towns and townships. Most of them were organized by the Jewish population and served small merchantmen. Among the farmers, they were organized only after the introduction of stabilized currency, the litas. In 1923, 129 credit coöperative societies were organized; in 1924, 107; in 1925, 136. There are in Lithuania three kinds in this category: town coöperatives (mostly Jewish People's Banks), farmer credit coöperatives, and farmer saving and loan associations. The Jewish People's Banks Union (Zydu Liaudies Banku Sajunga) does no active business, but acts rather as an ideological center and coördinator. This union had 101 member banks in 1930. In recent years the number of credit coöperatives diminished somewhat, as may be seen from Table 8. This is partly due

[19] C.S.B., 1939, pp. 263–65.

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474 452 to the merging of two or three small units into one. Evidence of this is the fact that membership in these societies increased instead of decreasing. In 1935, there were 119,687 members, of whom 77,553 were farmers; in 1936, 121,169 members, of whom 79,392 were farmers; in 1938, 117,155 members and in 1939, 119,326 members.

The financial position of all the credit coöperative societies in 1939 is indicated by the following statistics: total capital, 14,473,200 litas, of which membership shares accounted for 7,903,200 litas; reserve capital, 3,311,700 litas; and other capital, 1,591,100 litas. Total deposits in credit cooperative societies in 1939 amounted to 29,857,700 litas; borrowings from the banks, 22,554,500 litas; credits to members and the rest, 60,823,900 litas.

The farmer credit coöperatives are assembled in the Coöperation Bank of Lithuania (Lietuvos Kooperacijos Bankas).

474 *2. Stores and consumers' coöperatives.*—In 1939 there were 275 coöperative stores and consumers' coöperative societies, as well as one union, the Central Union of Agricultural Coöperative Societies of Lithuania, known under the trade name of Lietukis. The coöperative stores, as well as consumers' coöperatives, trade in colonial goods, while the Union, with its branches, buys farm products for export (mostly grain crops, linseed, and flax), and sells agricultural machinery, petroleum products, salt, cement, fertilizers, and so on.

The Central Union of Agricultural Coöperative Societies, Lietukis, was established in 1923; financially, it is one of the strongest coöperative unions of Lithuania; and it is the most popular. The Union is the largest exporter of grain in Lith-

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uania: before the 1940 occupation it handled almost the entire grain export.[20] 474

Lietukis, which comprised 145 coöperative societies in its membership in 1939, maintained 16 branch establishments in Lithuania, in addition to its central establishment in Kaunas. It operated in 1939 three grain elevators, one of 3,000 metric tons' capacity in Klaipeda (Memel), another of 3,250 metric tons' capacity in Siauliai, and a third of 2,250 tons' capacity in Kaunas. Furthermore, it possessed a central flax warehouse at Siauliai and 18 grain warehouses at various other places.[21]

Lietukis handles the largest percentage in the total turnover of many commodities of Lithuania: import of fertilizers, 100 percent; salt import, 92.9; import of agricultural machinery, 80; cement import, 42; import of petroleum products, 40; import of herring, 10; iron import, 5; export of grain, 85; export of flax, 27; sale of sugar, 89.[22]

The growth and expansion of business of coöperative stores, Lietukis, and other coöperative societies in the last eleven years before the second world war is indicated by Table 9.[23]

Furthermore, it is worthy of mention that in 1926 Lietukis,[1] acquired 45 percent of the capital stock of the Maistas Corporation, whose principal business is the keeping of stockyards in which livestock is prepared for export. With the acquisition of this stock interest Lietukis indirectly entered the export trade in meat and live animals. Lietukis was also 474 491

[20] Kriksciunas, *op. cit.*, p. 141.

[21] *Lietukis, Lietuvos Zemes Ukio Kooperatyvu Sajunga* (Lietukis, the Central Union of Agricultural Coöperative Societies), Kaunas, 1934.

[22] *Report of the Chamber of Commerce, Industry and Crafts*, Kaunas, 1938, p. 113. Referred to hereafter as *Report*.

[23] *Ibid.*, p. 112.

[1] [i.e: The Central Union of Agricultural Coöperative Societies -- Analyst]

TABLE 9

●474 SALES OF THE COÖPERATIVE SOCIETIES

*(In Thousands of Litas)*

| YEAR | LIETUKIS | TRADE COÖPERATIVES | PIENOCENTRAS [a] | TOTAL |
|---|---|---|---|---|
| 1928 | 12,129 | 23,520 | 13,662 | 49,311 |
| 1929 | 29,393 | 52,255 | 25,999 | 108,647 |
| 1930 | 23,117 | 44,992 | 43,854 | 111,963 |
| 1931 | 36,743 | 44,950 | 46,102 | 127,795 |
| 1932 | 28,853 | 37,314 | 45,182 | 111,349 |
| 1933 | 32,063 | 37,534 | 36,163 | 105,760 |
| 1934 | 32,617 | 37,342 | 36,329 | 111,288 |
| 1935 | 60,530 | 46,427 | 42,438 | 149,395 |
| 1936 | 73,715 | 55,560 | 55,897 | 185,172 |
| 1937 | 72,360 | 65,046 | 65,730 | 205,599 |
| 1938 | 113,909 | 95,165 | 76,920 | 283,884 |
| 1939 | 138,911 | 114,285 | 67,745 | 320,941 |

[a] Reference on Pienocentras is given in Section 3 below, on production cooperative societies.

[471] the initiator of coöperative dairies and creameries, which later developed into a separate Central Union of Dairy Cooperative Societies of Lithuania, the Pienocentras.

[647] After Soviet Russian occupation Lietukis[1] was made a government agency with all its branches and continued to function until the German invasion. The Germans in turn took control of Lietukis with all its property, and the German Economic Command (Wirtschaftskommando) issued an order on August 23, 1941, to all the branches of Lietukis, as well as to the agricultural and consumers' coöperative societies, to submit reports on fabrics and other merchandise in its possession and at the same time forbade selling any of the merchandise. It would appear that all the merchandise was confiscated by the Germans.

1 [i.e. The Central Union of Agricultural Coöperative Societies --- Analyst]

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On September 7 the Kaunas radio broadcast an order by German Commissar for Lithuania von Renteln whereby the purchase of grain was permitted exclusively to Lietukis. From this order alone it is obvious that Lietukis has been turned into agency serving German war purposes.

Deserving of mention in this group is Spaudos Fondas, a coöperative publishing concern with branch stores in every larger town throughout Lithuania for promoting the sale of books and stationery. After Soviet Russian occupation it met the same fate as Lietukis. On August 5, 1940, a decision of the Government Nationalization Committee (Valstybine Nacionalizavimo Komisija), dated August 3, was published, announcing that Spaudos Fondas with all its branches was nationalized.[24]

*3. Production coöperatives.*—A very important and comparatively young branch of agricultural life in Lithuania, the dairy coöperative societies, forms a part of this third group. As mentioned before, prior to 1926 dairying activities were a department of Lietukis. With the rapid growth of cooperative creameries, it was decided in October, 1926, to withdraw from Lietukis and to organize the Central Union of Dairy Coöperative Societies of Lithuania (Centraline Lietuvos Pieno Perdirbimo Bendroviu Sajunga), known briefly as Pienocentras. The task of Pienocentras is to encourage milk production, develop and improve manufacture, and establish a good rating for Lithuanian milk products in the world market; and to organize coöperative dairies and creameries, coördinate their work, and diminish administration expenses through strong central organization.

In 1938 Pienocentras had a membership of 185 dairy co-

[24] *Tiesa*, No. 44, Aug. 5, 1940. (*Tiesa* [Truth] was the daily of the Lithuanian Communist Party during Soviet occupation.)

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operative societies with 2,105 milk-skimming stations. Pienocentras also exports eggs, in which branch it has attained an almost complete monopoly. For example, in 1939 it handled over 96 percent of the total egg export. The growth and development of Pienocentras may be seen from Table 10,[25] which shows that the work of Pienocentras is a real

TABLE 10

TOTAL TURNOVER OF PIENOCENTRAS

(*In Thousands of Litas*)

| YEAR | TOTAL TURNOVER | TOTAL OF EXPORTS | EXPORTS OF BUTTER | EXPORTS OF EGGS | PIENOCENTRAS'S SHARE IN EXPORTS OF LITHUANIA (*Percent*) |
|---|---|---|---|---|---|
| 1927 | 5,981 | 3,971 | 3,950 | — | 1.6 |
| 1928 | 13,662 | 10,437 | 10,437 | — | 4.1 |
| 1929 | 25,999 | 20,888 | 20,786 | 102 | 6.3 |
| 1930 | 43,854 | 35,200 | 34,866 | 334 | 10.5 |
| 1931 | 46,102 | 37,790 | 37,055 | 735 | 13.8 |
| 1932 | 45,182 | 37,079 | 36,045 | 1,034 | 19.6 |
| 1933 | 36,163 | 29,909 | 29,150 | 789 | 18.7 |
| 1934 | 36,329 | 30,231 | 28,816 | 1,397 | 20.5 |
| 1935 | 42,438 | 35,948 | 33,866 | 2,046 | 23.6 |
| 1936 | 55,897 | 48,228 | 42,042 | 6,151 | 25.3 |
| 1937 | 65,730 | 54,470 | 47,065 | 5,923 | 26.1 |
| 1938 | 76,920 | 65,300 | 55,131 | 7,833 | 24.2 |
| 1939 | 67,745 | 52,100 | 43,739 | 8,196 | 25.7 |

success not only in attaining a milk-and-egg monopoly in Lithuania but also in encouraging and developing this branch of agriculture. At the end of 1939 all the dairy coöperative societies of Lithuania had 21,701 members as against 18,372 in 1938 and 14,817 in 1937. In 1939 they had 106,605 regular

[25] C.S.B., volumes for 1927 to 1939.

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milk suppliers as against 101,348 in 1938 and 69,741 in 1934.

Pienocentras with all its departments continued to function throughout the Soviet Russian occupation, although it was transformed into a government agency. In June, 1941, when the Soviet Russian occupation was replaced by the German occupation, Pienocentras[1] came under the control of the German Economic Command (Wirtschaftskommando), also as government agency. In September, 1941, German Commissar for Lithuania von Renteln issued an order granting monopoly to Pienocentras in the business of dairy products and at the same time forbidding anybody to trade in milk products. Since Pienocentras has a wide organization throughout Lithuania, it is very convenient for the Germans in their control of milk production and in their efforts to extract from Lithuania a maximum of milk products. Of course no statistical data is available for Pienocentras's economic activities during the periods of German and Russian occupation.

Deserving of mention in this group is a local grocery trade coöperative society in Kaunas called Parama which owns and operates thirty modern grocery stores, as well as the largest and most modern bakery in Lithuania, with an annual production valued at about six million litas. Its fate under the German occupation is similar to that of Pienocentras.

*4 and 5. Insurance and nonclassified coöperatives.*—These two groups are of minor importance in the economic life of Lithuania. Insurance, still undeveloped there, is one of the fields open for coöperation in the future. In 1938 there were two insurance coöperative societies with 7,486 members. Insurance premiums collected in 1938 amounted to 355,495 litas, which, compared with the development of other co-

[1] [i.e. Central Union of Dairy Cooperative Societies of Lithuania --- Analyst]

3: Simutis S-4 (no date) 1942 RB5 Lithuanians RB5



474 operative branches, is a small sum. In the unclassified group [457] in the year 1939 there were 430 societies with a membership of 4,581. The total membership of all coöperative societies in 1939 was 161,256.

All the coöperative unions and bigger coöperative societies have representatives in the Council of Coöperatives of Lithuania (Lietuvos Kooperatyvu Taryba), which was formally chartered on January 30, 1925. The task of the Council is to encourage coöperative movement, to maintain close ties among coöperatives in Lithuania and in foreign countries, and to represent them in the government institutions and [204] public organizations. The Council publishes the magazines *Talka* (Coöperation) and *Bendras Darbas* (Coöperative Work).[26]

In short, it may be said that coöperation has played an important role in the economic reconstruction and development of Lithuania since 1918. Coöperative institutions have increased the purchasing power of the farmers, both as producers and as consumers. At the same time they have furthered economic progress both by increasing productivity and by improving the quality of many products.

## GRAIN CULTURE

243 Grain culture, which has been known in Lithuania since ancient times, was the backbone of the country's agriculture before the World War of 1914–18. Though there has been a tendency since 1926 to concentrate more on livestock breeding and dairying, grain culture still is the dominating feature of Lithuania's agriculture.

243 In recent years there has been a yearly production of 439 about 1.6 to 1.7 million metric tons of grain, with only a

[26] Šalčius, *op. cit.*, pp. 230–31.

3: Simutis S-4 (no date) 1942 RB5 Lithuanians RB5
Baltic Countries RB1
Poland EA1



instead of being water retted as in other parts of Lithuania. Prepared by such methods, flax fiber is of low quality, although this is offset by a rich yield of valuable linseed. In other parts of Lithuania flax is plucked before reaching full maturity. Flax plucked at this state produces linseed of low quality, but the flax fiber is undoubtedly very strong and fine.[32]

The concentration of flax exports since 1932 in the coöperative concern Lietukis has raised the quality and reputation of Lithuanian flax. Continued progress in this respect will no doubt be reflected in better prices and greater profits.

TABLE 18

PRODUCTION OF FLAX IN THE BALTIC STATES AND POLAND

(*In Thousands of Quintals*)

| YEAR | LITHUANIA | LATVIA | ESTONIA | POLAND |
|---|---|---|---|---|
| 1925–29 (av.) | 364 | 221 | 100 | 561 |
| 1930–34 (av.) | 208 | 141 | 66 | 323 |
| 1934 | 222 | 162 | 71 | 308 |
| 1935 | 319 | 248 | 105 | 398 |
| 1936 | 288 | 185 | 87 | 372 |
| 1937 | 313 | 231 | 103 | 381 |
| 1938 | 258 | 214 | 74 | 399 |
| 1939 | 289 | 192 | 62 | (*a*) |

[a] Figure not available.

The importance of flax, tow, and linseed in the exports of Lithuania may be observed from the fact that in 1924 they constituted 26 percent of Lithuania's total exports; in 1926, 7 percent; in 1928, 20 percent; in 1930, 10 percent; in 1937, 15 percent; in 1938, 11 percent; and in 1939, 17 percent.

[32] Kriksciunas, *op. cit.*, p. 101.

3: Simutis S-4 (no date) 1942 RB5 Lithuanians RB5



half of the cattle were slaughtered for meat by various armies.[83]

Shortly after the World War there was great demand for milk products in Germany and prices were high. It was possible to sell milk and milk products even of low quality, especially in the border districts of Germany. In 1924–25 the conditions began to change. Germany returned to the pre-war methods of tariff protection and adopted the policy of economic self-sufficiency. There were also greater supplies of milk products from other markets, such as Denmark and overseas, which caused a decrease in prices.

Private merchants, interested only in immediate profits and possessing no capital for long-term investments, were unable to improve the quality of milk products. That this quality was low can be deduced from the fact that the butter bought up from the farmers had been prepared in a variety of ways, mostly by primitive methods. The butter was then mixed and packed for export. Naturally, prices for such "mixtures," were low, but eventually it became impossible to sell the product even at low prices.

The government was anxious to help the farmers by improving milk products and increasing exports. The best way to do that seemed to be by coöperation, a method which in later years fully justified the expectations. Through the initiative of the coöperatives and with government subsidies, the quality of butter was improved so much that in 1936, of all the butter-exporting countries, only Denmark was able to get higher prices than Lithuania. Lithuania's position in this market shows even more creditable progress when we

[83] *Centralinė Lietuvos Pieno Perdirbimo Bendrovių Sąjunga Pienocentras 1927–1936* (The Central Union of Dairy Coöperative Societies of Lithuania, Pienocentras, 1927–1936), p. 15.

3: Simutis S-4 (no date) 1942 RB5 Lithuanians RB5

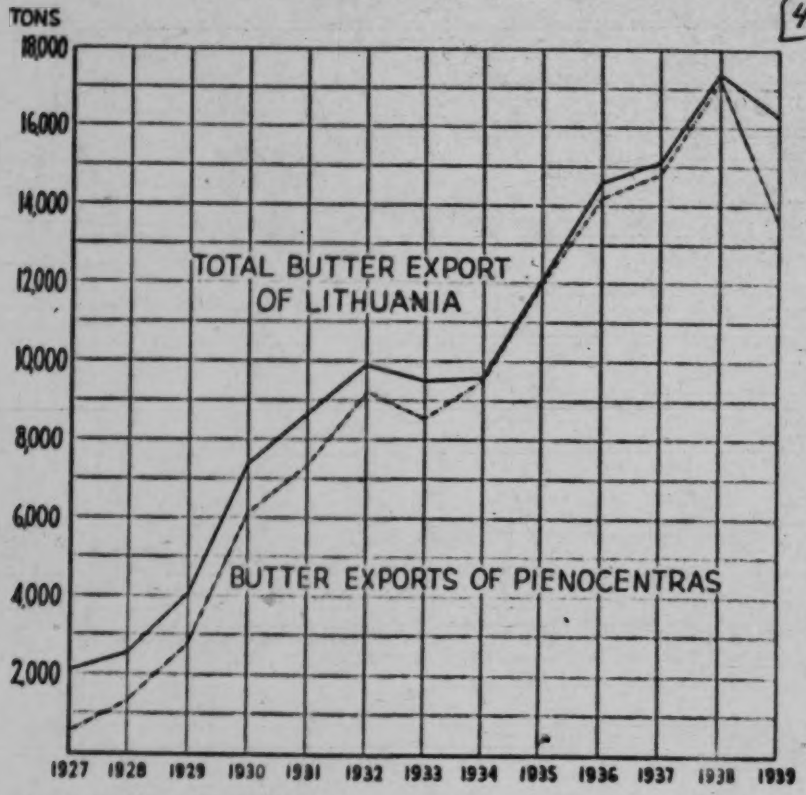


take into consideration the fact that Danish butter had been selling in London for decades and the English consumers had acquired a taste for it.[34]

The first to organize the dairies were the Central Union of the Agricultural Coöperatives of Lithuania (Lietukis) and the Coöperative Society (Gamintojas). In 1923 a separate dairying section was established at Lietukis. The Ministry of Agriculture subsidized the newly organized steam

CHART I

BUTTER EXPORTS OF LITHUANIA




[34] Kriksciunas, *op. cit.*, p. 96.

3: Simutis S-4 (no date) 1942 RB5 Lithuanians RB5



dairies (using steam power equipment) to enable them to buy new machinery, granting the dairies twenty-five percent of the value of the machinery, the subsidy not to exceed 9,000 litas. Subsidies up to 1,500 litas were also given to hand dairies in the same percentage. The Ministry of Agriculture also provided loans on favorable terms for the construction of buildings for new dairies and from 1925 granted subsidies up to 5,000 litas for this purpose. In 1926 the dairying section of Lietukis was organized into a separate organization—the Central Union of Dairy Coöperative Societies of Lithuania, known by its trade name, Pienocentras. The growth of coöperative dairies is shown in Table 20.

TABLE 20

THE GROWTH OF COÖPERATIVE DAIRIES IN LITHUANIA[a]

| YEAR | NUMBER OF DAIRIES | NUMBER OF SKIMMING STATIONS |
|---|---|---|
| 1923 | 3 | — |
| 1924 | 61 | — |
| 1925 | 54 | — |
| 1927 | 153 | 151 |
| 1929 | 262 | 660 |
| 1931 | 273 | 1,610 |
| 1933 | 251 | 1,825 |
| 1935 | 209 | 1,771 |
| 1937 | 188 | 2,052 |
| 1938 | 185 | 2,105 |
| 1939 | 176 | 2,159 |

[a] *Centralinė Lietuvos Pieno Perdirbimo Bendrovių Sąjunga Pienocentras 1927–1936*, p. 21.

438 The home-trade turnover of „Maistas", which maintains
473 47 places of sale for meat and canned provisions throughout Lithuania, has constantly grown. In 1927 it amounted to 4 400 000 litas; in 1936 it had already reached 10 100 000 litas; and in 1937 it had risen to 13 100 000 litas.

### 4. The Rôle of the Cooperative Societies

474 The significance of the cooperatives in our trade can best
438 be illustrated by the fact that their sales in 1937 amounted to more than 200 000 000 litas. During the last ten years they have quadrupled in value, and quantitatively even increased eightfold.

The course of this expansion can be studied in the following table:

**Sales of the Cooperative Societies (in 1 000 litas)**

| Year | „Lietūkis" | Trade Cooperatives | „Pienocentras" | Total |
|---|---|---|---|---|
| 1928 | 12 129 | 23 520 | 13 662 | 49 311 |
| 1929 | 29 393 | 52 255 | 25 999 | 108 647 |
| 1930 | 23 117 | 44 992 | 43 854 | 111 963 |
| 1931 | 36 743 | 44 950 | 46 102 | 127 795 |
| 1932 | 28 853 | 37 314 | 45 182 | 111 349 |
| 1933 | 32 063 | 37 534 | 36 163 | 105 760 |
| 1934 | 37 617 | 37 342 | 36 329 | 111 288 |
| 1935 | 60 530 | 46 427 | 42 438 | 149 395 |
| 1936 | 73 715 | 55 560 | 55 897 | 185 172 |
| 1937 | 72 823 | 65 046 | 65 730 | 203 599 |

The Union of Agricultural Cooperative Societies of Lithuania „Lietūkis", which was founded in 1923 and in the first year of its existence counted only 26 cooperative societies as members, and whose annual sales from 1923 to 1929 on an average amounted to 10 000 000 litas, since the revision and amendment of the statutes in 1930, has become the most important commercial undertaking of Lithuania. The aims which it pursues consist, in the sense of the by-laws, in promoting agriculture

and rural industry; organizing trade in agrarian products, and reconciling the interests of consumers and producers. 474 438

To-day „Lietūkis" counts 111 cooperative societies as its members. Besides the central establishment in Kaunas it maintains 16 branch establishments in the provinces; three elevators, viz., at Memel, of 30 000 tons capacity; at Šiauliai, of 3 250 tons capacity; and at Kaunas, of 2 250 tons capacity. Furthermore at Šiauliai it possesses a central flax warehouse, and 18 grain warehouses at various other places. Since the end of 1937 it has managed its own flour-mill at Kalvarija, Suvalkai.

The goods turnover of „Lietūkis", after the overcoming of the crisis years 1932—1933, has constantly grown. The negligible recession in 1937 by 890 000 litas or 1.2% of the turnover was due solely to the reduction of grain export in consequence of the unfavourable harvest.

If, however, we take into consideration that the grain turnover of „Lietūkis" in connexion therewith decreased from 21 300 000 litas in 1936 to 10 600 000 litas in 1937, it should also be pointed out that its turnover with other commodities not only has not receded but, on the contrary, has risen by 10 300 000 litas. Inter alia in 1937, in comparison with the previous year, there increased: The turnover with flax from 4 800 000 litas to 6 700 000 litas; with sugar from 15 500 000 litas to 17 500 000 litas; with naphtha products from 5 900 000 litas to 6 700 000 litas; with agricultural and other machinery from 2 200 000 litas to 3 600 000 litas; with cement from 1 900 000 litas to 2 800 000 litas, &c.

The percentage share of „Lietūkis" in the Lithuanian total turnover of many important commodities amounts to: In the import of fertilizers 100%; in salt import 92.5%; in the import of agricultural machinery 80%; in cement import 42%; in the import of naphtha products 40%; in the import of herrings 10%; in iron import 5%; in the export of grain 85%; in the export of flax 27%; and in the sale of sugar (of inland production) 69%;

The second column of the above quoted table shows the development of goods sales of the trade cooperatives, the number of which to-day amounts to 180. It includes both agricultural cooperative societies, which for the most part are organiz-

474 438 ed in „Lietūkis", but which effect their sales on their own account, and other quite independent consumer unions. Among the latter mention should be made of the following:

1. „Parama", which carries on the grocery trade and in Kaunas and neighbourhood owns 30 sale establishments. Its turnover amounted in 1937 to 5 200 000 litas against 4 800 000 litas in 1936 and 4 500 000 litas in 1935. „Parama" owns also its own bread bakery, the biggest in Lithuania, the production of which in 1937 reached 5 900 000 litas.

2. „Spaudos Fondas" engages in the book and stationery material trade, also in book publishing. It maintains three sales establishments in Kaunas and ten in the provinces. The turnover reached 6 100 000 litas in 1937 against 5 400 000 litas in 1936 and 4 600 000 litas in 1935.

3. „Karių Ekonominė Bendrovė", a military consumers' union, maintains in Kaunas its own organized warehouse-like emporium. In 1937 its turnover reached 2 600 000 litas against 2 900 000 litas in 1936, and 3 100 000 litas in 1935. It is the only cooperative society whose turnover, if only negligibly, has declined.

4. „Marginiai" engages in the sale of articles of folk art and household industry. It maintains a branch establishment at Šiauliai. In 1937 the turnover amounted to 211 334 litas against 158 783 litas in 1936, and 142 320 litas in 1935.

The total turnover of all trade cooperatives, which already in 1929 had reached the amount of 52 200 000 litas, stayed until 1935 below this level. In 1936, however, it rose to 55 800 000 litas and in 1937 to 65 000 000 litas.

The Central Union of Lithuanian Dairy-farming Cooperative Societies „Pienocentras" belongs formally it is true, not to the trade cooperatives but to the production cooperative societies, but in view of its important share in the goods turnover, especially in the export trade, we will describe its rôle in this section.

474 438 439 The union „Pienocentras", which was founded in 1926, counts to-day 192 dairy-farming cooperative societies as members. It disposes in all of over 2 052 milk-skimming stations, and is served by 91 491 milk-purveyors. It owns the monopoly of butter and egg export. Its share in the total export of Lithuania amounted in 1937 to 26.1%. Concurrently it maintains

also inland 17 sale emporia and eight breakfast rooms and in 1937 attained on the home market a turnover of 7 200 000 litas.

The growth of the goods turnover of „Pienocentras" and its structure are shown in the following three tables:

### 1. The Structure of the Total Turnover of „Pienocentras" (in 1 000 litas)

| Year | Total Turnover | Whereof A. Export | Including: 1. Butter | 2. Eggs | Percentage Share in Total Lithuanian Export | B. Domestic Sales |
|---|---|---|---|---|---|---|
| 1927 | 5 981 | 3 971 | 3 950 | — | 1.6 | 2 010 |
| 1928 | 13 662 | 10 437 | 10 437 | — | 4.1 | 3 225 |
| 1929 | 25 999 | 20 888 | 20 786 | 102 | 6.3 | 5 111 |
| 1930 | 43 854 | 35 200 | 34 866 | 334 | 10.5 | 8 653 |
| 1931 | 46 102 | 37 790 | 37 055 | 735 | 13.8 | 8 312 |
| 1932 | 45 182 | 37 079 | 36 045 | 1 034 | 19.6 | 8 103 |
| 1933 | 36 163 | 29 909 | 29 150 | 789 | 18.7 | 6 245 |
| 1934 | 36 329 | 30 231 | 28 816 | 1 397 | 20.5 | 6 098 |
| 1935 | 42 438 | 35 948 | 33 866 | 2 046 | 23.6 | 6 490 |
| 1936 | 55 897 | 48 228 | 42 042 | 6 151 | 25.3 | 7 668 |
| 1937 | 65 730 | 54 470 | 47 065 | 7 375 | 26.1 | 7 187 |

### 2. Butter Export of „Pienocentras"

| Year | Total Butter Export of Lithuania, in Tons | Butter Export of „Pienocentras", in Tons | Percentage Share of „Pienocentras" |
|---|---|---|---|
| 1927 | 2 051 | 551.2 | 26.9 |
| 1928 | 2 643 | 1 374.6 | 52.0 |
| 1929 | 4 084 | 2 810.4 | 68.8 |
| 1930 | 7 357 | 6 024.4 | 81.9 |
| 1931 | 8 705 | 7 480.9 | 85.9 |
| 1932 | 9 926 | 9 280.9 | 93.5 |
| 1933 | 9 580 | 8 674.2 | 90.4 |
| 1934 | 9 671 | 9 589.9 | 98.9 |
| 1935 | 12 154 | 12 101.2 | 99.6 |
| 1936 | 14 629 | 14 302.4 | 97.8 |
| 1937 | 15 058 | 14 964.4 | 99.4 |

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### 3. Egg Export of „Pienocentras"

| Year | Total Export of Eggs from Lithuania, in 1 000 | Egg Export of „Pienocentras", in 1 000 | Percentage Share of „Pienocentras" |
|---|---|---|---|
| 1929 | 55 509 | 361 | 0.6 |
| 1930 | 55 188 | 1 567 | 2.8 |
| 1931 | 60 998 | 4 815 | 7.9 |
| 1932 | 45 790 | 8 757 | 19.1 |
| 1933 | 28 796 | 7 523 | 26.1 |
| 1934 | 19 247 | 16 074 | 83.5 |
| 1935 | 27 798 | 26 758 | 96.3 |
| 1936 | 67 184 | 66 542 | 99.0 |
| 1937 | 77 063 | 74 136 | 96.5 |

On the basis of the data contained in the foregoing tables, we may form the following conclusions:

1. The total turnover of „Pienocentras" since the foundation year until 1931 grew uninterruptedly. Owing to the crisis years, this growth was interrupted; yet the falling-off in the turnover was not quantitative but evoked by the fall of prices. During the last two years, however, the position of 1931 has also been appreciably exceeded, in 1937 by 42.5%.

2. Nearly 90% of the total turnover of „Pienocentras" devolves upon export. Of this percentage approximately 85% consists of butter export and 15% of egg export. Butter export already since 1934 and egg export since 1935 have been conducted by „Pienocentras" on a monopoly basis. Foreign trade statistics show that simultaneously with the growth of the share of „Pienocentras", Lithuania's total export of corresponding commodities has considerably grown, which proves that the extension of our butter export trade more particularly must be entered solely to the credit account of „Pienocentras". Since 1927, that is, since the time when „Pienocentras" began to engage in butter export, the Lithuanian butter exports have grown quantitatively more than sevenfold, and during the last four years alone, since „Pienocentras" enjoyed a monopoly, amount to an increment of 57%.

[438]

3. The domestic sales do not reveal so favourable a development as export. Ad valorem they were in 1937 still below the level of 1931, although, having regard to price variations, their quantitative scope has risen approximately by 30%.

* * *

**At the end of this section we furnish one more comparative table, which shows us the development of the share of our three largest commercial organizations, viz., „Lietūkis", „Pienocentras", and „Maistas", in Lithuania's total export trade.**

| Year | Export of „Pienocentras", in 1 000 Litas | Export of „Maistas", in 1 000 Litas | Export of „Lietūkis", in 1 000 Litas | Total in 1 000 Litas | Share in Lithuania's Total Export Trade, in % |
|---|---|---|---|---|---|
| 1928 | 10 437 | 1 266 | 1 000 | 12 703 | 4.9 |
| 1929 | 20 888 | 5 948 | 1 000 | 27 836 | 8.3 |
| 1930 | 35 201 | 24 849 | 10 986 | 71 036 | 21.3 |
| 1931 | 37 790 | 42 904 | 8 127 | 88 821 | 32.5 |
| 1932 | 37 079 | 42 814 | 952 | 80 845 | 42.7 |
| 1933 | 29 909 | 42 323 | 1 431 | 73 663 | 45.9 |
| 1934 | 30 231 | 34 880 | 2 520 | 67 631 | 45.9 |
| 1935 | 35 948 | 32 734 | 18 949 | 87 631 | 57.5 |
| 1936 | 48 228 | 42 723 | 18 209 | 109 160 | 57.3 |
| 1937 | 54 470 | 46 855 | 8 603 | 100 928 | 52.8 |

The figures of the foregoing tables confirm the accuracy of the assertion expressed in the chapter on foreign trade, that the relatively favourable development of our export trade during the crisis years should be entered to the credit account of „Maistas" and „Pienocentras". („Lietūkis" exports chiefly grain and its export is therefore, in dependence on the nature of the harvest, subject to severe fluctuations). Indeed, precisely in the years 1931—1935, when the value amount of our export trade was constantly sinking, did the share of our public commercial institutions grow most vigorously, whereas during both last years of the upward trend, when also private initiative began more strongly to manifest itself, it receded in a percentage sense.

### 5. The Dynamic of Price Development.

In the valuation of industrial production and the calculation of its index as well as in the estimate of the volume of the foreign and home-trade turnover, we have already been able to

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| Year Dec. 31 | Capital-stock | Balance Amounts | Deposits & Current A/cs. | Loans & Discounts |
|---|---|---|---|---|
| 1928 | 4.56 | 53.33 | 30.46 | 39.04 |
| 1929 | 4.89 | 54.49 | 35.80 | 41.11 |
| 1930 | 5.00 | 62.60 | 43.27 | 48.38 |
| 1931 | 4.79 | 62.44 | 32.06 | 51.83 |
| 1932 | 4.30 | 52.23 | 27.80 | 41.61 |
| 1933 | 4.29 | 46.83 | 22.31 | 35.52 |
| 1934 | 4.51 | 40.38 | 15.23 | 31.46 |
| 1935 | 4.04 | 35.43 | 12.27 | 29.08 |
| 1936 | 3.99 | 41.30 | 14.67 | 33.47 |
| 1937 | 3.87 | 44.73 | 19.73 | 37.08 |

On the basis of both the foregoing tables, we can draw the following conclusions:

(1) The capital-stock of the Kaunas institutions has been stationary since 1933, but in comparison with 1928 shows a slight growth. The capital-stock of the Memel establishments has sunk below the level of 1928.

(2) The last two years have entirely adjusted the crisis losses of the Kaunas banks, while the Memel institutions also show a revival though not at the same tempo. The deposits there more particularly remain far behind the pre-crisis position.

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III. The third group consists of the credit cooperative societies, which are chiefly spread over the rural districts and possess an old tradition. The first cooperative society was already founded in 1873, and until the World War there were in Lithuania under Russian alien domination 207 credit cooperative societies with 88 900 active membres.

The activity of the credit cooperative societies, interrupted by the World War, was speedily resumed in independent Lithuania, although the erstwhile organizations had been destroyed and new foundations had to be effected. The Government also contributed largely to the expansion of the credit cooperative societies, in which context, since 1930, long-term loans at 3% interest have been granted from State resources.

The development of the activity of the credit cooperative societies, with the exception of the Memel Territory, since 1928 is shown in the following table:

| Year Dec. 31 | No. of Cooperatives | No. of Members | Balance Amounts | Deposits | Loans |
|---|---|---|---|---|---|
| | | | (In million litas) | | |
| 1928 | 417 | 89 816 | 52.24 | 21.42 | 39.01 |
| 1929 | 407 | 98 380 | 63.29 | 30.13 | 46.59 |
| 1930 | 399 | 96 968 | 74.47 | 39.12 | 56.98 |
| 1931 | 397 | 107 535 | 80.68 | 38.46 | 63.64 |
| 1932 | 403 | 112 105 | 81.07 | 38.40 | 62.53 |
| 1933 | 399 | 117 809 | 79.87 | 37.46 | 63.74 |
| 1934 | 382 | 111 647 | 76.35 | 34.00 | 60.83 |
| 1935 | 369 | 111 909 | 71.69 | 29.48 | 56.83 |
| 1936 | 337 | 107 796 | 74.33 | 32.94 | 57.31 |
| 1937 | 322 | 111 582 | 82.16 | 39.99 | 61.64 |

The decrease in the total number of the cooperative societies is attributable to the amalgamation of smaller unions. The rising development tendency is obvious from the circumstance that the balance sum has already surpassed the pre-crisis level.

The financing of the credit cooperative societies is provided for by the Kooperacijos Bankas (Cooperative Bank), which since 1933 has been re-organized as a joint-stock company with capital-stock of 3 000 000 litas; 2 500 000 litas thereof has been taken up by the Government while the remaining shares remain in the possession of 180 cooperatives.

A less favourable development is shown by the balance-sheets of the cooperative societies of the Memel Territory, which are organized as Raiffeisen loan banks. They are summarized in the following table:

| Year Dec. 31 | No. of Cooperatives | No. of Members | Balance Amounts | Deposits | Loans |
|---|---|---|---|---|---|
| | | | (In million litas) | | |
| 1928 | 43 | 12 135 | 17.10 | 12.09 | 13.99 |
| 1929 | 43 | 12 304 | 21.51 | 15.32 | 18.18 |
| 1930 | 43 | 12 202 | 25.71 | 18.63 | 22.33 |
| 1931 | 43 | 12 315 | 27.89 | 20.13 | 24.96 |
| 1932 | 41 | 11 064 | 24.60 | 15.37 | 21.52 |
| 1933 | 41 | 10 029 | 23.60 | 12.67 | 20.22 |
| 1934 | 41 | 9 446 | 20.28 | 9.92 | 17.95 |
| 1935 | 41 | 8 816 | 18.99 | 8.73 | 16.64 |
| 1936 | 41 | 8 359 | 17.99 | 7.47 | 15.80 |

6: Anonymous U-4, 5 (no date) 1938 RB5 Lithuanians RB5

# APPENDIX

## ECONOMIC FIGURES

| | 1929 | 1930 |
|---|---|---|
| **INDUSTRY:** | | |
| 1. Total number of medium and wholesale undertakings (of 5 employed persons upwards) | 1 044 | 1 051 |
| 2. Total number of employed workers | 19 637 | 19 334 |
| 3. Total figure of engine power in H. P. | . | . |
| 4. Production Index | 100.0 | 108.3 |
| **TRADE:** | | |
| 1. Total number of larger undertakings (Trade in the narrower sense I — III Corp) | 14 255 | 14 224 |
| 2. Railway goods traffic 1 000 tons | 2 079 | 1 993 |
| 3. Price Index | 100 | 87 |
| 4. Foreign Trade Turnover: | | |
| (a) Million Litas | 636.3 | 646.2 |
| (b) Volume | 100,0 | 116.7 |
| 5. Cooperative Trade Turnover, million litas | 108.6 | 111.9 |
| **FINANCE AND CREDIT CONDITIONS:** | | |
| 1. Monetary circulation, in million litas | 102.3 | 117.2 |
| 2. State Revenue, in million litas | 338.5 | 347.7 |
| 3. State Expenditure, in million litas | 269.9 | 320.6 |
| 4. Deposits of the Credit Institutions, in million litas | 282.8 | 345.7 |
| 5. Loans of the Credit Institutions, in million litas | 333.0 | 437.8 |
| 6. Total Sums of Bills of Exchange Protests, in million litas | 49.1 | 40.1 |
| 7. Discount Rate of the Lietuvos Bankas | 7 | 7 |

**OF LITHUANIA.**

| 1931 | 1932 | 1933 | 1934 | 1935 | 1936 | 1937 |
|---|---|---|---|---|---|---|
| | | | | | | |
| 1 049 | 1 105 | 1 108 | 1 118 | 1 136 | 1 135 | 1 247 |
| 21 053 | 19 743 | 20 660 | 22 282 | 23 344 | 25 844 | 31 689 |
| 70 038 | 84 804 | 95 751 | 94 585 | 105 349 | 109 634 | 125 157 |
| 140.7 | 153.7 | | 166.5 | 185.9 | 244.2 | 272.0 |
| | | | | | | |
| 14 141 | 13 590 | 12 981 | 12 572 | 12 034 | 12 054 | 12 445 |
| 2 164 | 1 599 | 1 722 | 1 853 | 2 003 | 2 193 | 2 352 |
| 74 | 61 | 54 | 52 | 46 | 46 | 53 |
| 551.1 | 356.1 | 302.4 | 285.9 | 280.8 | 346.5 | 420.9 |
| 128.3 | 106.6 | 102.2 | 103.2 | 103.9 | 125.2 | 139.3 |
| 127.8 | 111.3 | 105.8 | 111.3 | 149.4 | 185.2 | 203.6 |
| 127.1 | 112.7 | 105.8 | 101.1 | 111.4 | 124.1 | 131.9 |
| 340.1 | 292.0 | 256.9 | 264.4 | 279.9 | 302.8 | 329.9 |
| 335.3 | 278.2 | 249.7 | 251.8 | 276.9 | 287.7 | 318.2 |
| 302.0 | 291.2 | 278.4 | 269.5 | 229.6 | 290.2 | 347.6 |
| 479.6 | 449.5 | 446.5 | 461.9 | 451.5 | 467.3 | 501.4 |
| 67.5 | 71.7 | 39.3 | 32.5 | 23.5 | 13.9 | 12.9 |
| 8½ | 7 | 7 | 6 | 6 | 5½ | 5½ |

11:League of Nations G-4 (no date) 1939 RB5 ! ithuanians RB5



## III. SOIL IMPROVEMENT AND AGRICULTURAL PROGRESS

641 The Ministry of Agriculture controls the organisation for
242 the encouragement of technical progress in agriculture, the aim
433 of which is to improve the conditions of existence of the agricultural classes. The Ministry is responsible for carrying out agrarian reform and agricultural improvements, schools of agriculture, the organisation and improvement of veterinary work and supervision of the export of agricultural produce, etc.

In addition to the Ministry, the Chamber of Agriculture (founded in 1927) is also active in agricultural development. It is in charge of all the forms of agricultural training not under the authority of the Ministry, including the agricultural intelligence service; it supervises and co-ordinates the activities of the stock-breeders' associations, the flax-growers' association, the sugar-beet-growers' association and other similar organisations; it also subsidises various agricultural organisations and individual agriculturists with a view to the promotion or improvement of some particular branch of agriculture, and organises agricultural shows, etc.

474 Working in conjunction with the Ministry of Agriculture
242 are various central organisations concerned with the processing
433 of agricultural produce, and its marketing abroad and at home, and with supplying to agriculturists all such goods as they may require. These organisations are: "Lietuvos Žemės Ūkio Kooperatyvų Sąjunga" ("Lithuanian Union of Agricultural Co-operative Societies"), abbreviated to "Lietūkis", "Centralinė Lietuvos Pieno Perdirbimo Bendrovių Sąjunga" ("Lithuanian Central Union of Dairymen's Co-operative Societies"), abbreviated to "Pienocentras", and the "Maistas" and "Lietuvos Cukrus" joint-stock companies.

The chief measures taken with a view to the improvement of agricultural production are the consolidation of holdings (see above), land drainage, the development of agricultural training (see under V) and agricultural research.

312 Systematic work on the drainage of agricultural land could not be begun until 1921. The Ministry of Agriculture is proceeding with the regularisation of the beds of streams and the cutting of dykes which enable agriculturists to drain waterlogged land completely by means of open ditches or drainage pipes. The total area of the land drained by means of dykes from 1921 to 1937 (inclusive) is approximately 416,000 hectares, or more than 10% of all the land used for agricultural purposes.

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As regards *agricultural research*, the Institute of Agricultural Research (founded in 1927) is in charge of experimental work in the field of agriculture throughout the country, with the exception of the work conducted by the Agricultural Academy at Dotnuva. It has at present under its control seven experimental stations dealing with various matters relating to the cultivation of crops, an experimental fruit-growing station (in process of organisation), a crop improvement station (at Dotnuva), a crop protection station (at Dotnuva) and a station for research on the breeding of pigs for bacon. Proposals are under consideration for the foundation of an agricultural machinery testing station and of stations for research into cattle- and sheep-breeding respectively.

In consequence of these measures, and particularly the activities of the agricultural intelligence service, agriculturists have begun to introduce a more rational system of crop rotation, to prepare the soil more carefully and fertilise it more rationally (the progress of stock-breeding increases the quantities of manure available), to use better quality seed, to improve meadow- and pasture-land, to make more extensive use of agricultural machinery (through the foundation of co-operative societies for the joint use of machinery), etc. The results have been a decrease in the area of land left fallow and a corresponding increase in the area sown from an average of 2,079,000 hectares for the years 1928 to 1930 to 2,312,000 hectares for the period 1935 to 1937, the increase chiefly affecting the land under the more intensively cultivated crops (wheat, sugar-beet, mangel-wurzels). There has also been an increase in the yield per hectare of all the principal crops (wheat, rye, barley, oats, peas and potatoes), the yield from 1933 to 1937 being almost half as great again as during the years 1901 to 1910. It is worthy of note that, whilst the cultivation of sugar-beet was entirely unknown in the country before the war, the refineries now pay out almost 6½ million litai to the growers each year. The productivity of meadow- and pasture-land has increased to an even greater extent than that of arable land.

This latter circumstance has permitted the development of stock-breeding and the number of farm animals has risen considerably (in the case of cattle, for example, from 766,000 in 1913 to 1,172,000 in 1937). As a result of the organisation of milk control societies, breeding centres, the keeping of stud books, etc., the productivity of stock has also increased very considerably.

Progress has been particularly noteworthy in the case of cattle (which, in Lithuania, are mainly bred for the production of milk). In 1923, with a view to the transformation of surplus milk into exportable produce, chiefly butter, dairymen's co-operative societies were founded with the financial support

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of the Government. Since then, the dairy industry and the manufacture of butter have made rapid progress. In 1937, the 193 dairymen's co-operative societies, all of which are equipped with the most up-to-date machinery, supplied 420 million kilogrammes of milk — including that delivered to the 2,052 cream-separating centres — and produced 16.9 million kilogrammes of butter. Though, since the war, the population has increased by some 300,000 inhabitants, the consumption of dairy products per head is at present greater than before the war, and butter exports, which were formerly negligible, amounted in 1924 to 524 metric tons and in 1936/37 to 15,000 tons approximately.

Hand in hand with the development of the dairy industries has gone the development of pig-breeding (skim-milk is used for the fattening of young pigs). Not only has the number of pigs considerably increased (from 450,000 in 1913 to 1,192,000 in 1937), but the quality of the pigs (for the manufacture of bacon) has greatly improved. With the Government's financial support, a bacon export industry has been rapidly built up. In 1928, bacon exports amounted to 150 metric tons; in 1932, to more than 25,000 metric tons, and, in 1936/37 (being affected by the introduction of bacon import quotas in England), to more than 10,000 metric tons. These figures, together with those for the export of live pigs (in 1932, 34,000, and, in 1936/37, 125,000 approximately) and the number of pigs kept are proof of the progress made.

Poultry-keeping also has made considerable headway; more pure-bred poultry are being raised, and feeding and poultry-keeping technique have become more efficient. Horse-breeding likewise has improved, thus facilitating the sale of Lithuanian horses in foreign markets.

Such are the methods whereby the Ministry of Agriculture, the Chamber of Agriculture and the organisations working in conjunction with the latter are striving to improve the production both of crops and live-stock and to foster agricultural industries (dairy industries and the manufacture of bacon). Since 1931, the Chamber of Agriculture has also been endeavouring, with the co-operation of the Union of Young Farmers' Clubs, to rationalise and modernise home industries (weaving, knitting, fur-dressing, felt-making, pottery, furniture, etc.) and to improve the artistic qualities of the articles produced. Products of the home industries are thus enabled to compete with factory-produced goods.

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## IV. ORGANISATION OF MARKETS

The action of the Government and of the central agricultural organisations with a view to the organisation of markets and the standardisation of agricultural products may be briefly summarised as follows :

To enable the small agricultural undertakings (which predominate in the country) to produce standardised agricultural products for foreign (and home) markets and to export in large quantities, the Government, even before the world depression, had taken steps to combine the small agriculturists into big central organisations (dealing both with production and marketing). The following three organisations were founded : (1) " Lietuvos Žemės Kooperatyvų Sąjunga " (Lithuanian Union of Agricultural Co-operative Societies). abbreviated to " Lietūkis ", which now centralises all cereal exports ; (2) " Centralinė Lietuvos Pienos Perdirbimo Bendrovių Sąjunga " (Lithuanian Central Union of Dairymen's Co-operative Societies), abbreviated to " Pienocentras ", which now centralises the production of butter for export and the export of butter and eggs ; (3) the " Maistas " joint-stock company (the shareholders being the State and the pig-breeders), which at present centralises the production of bacon and other meat preparations for export and also the export of the meat preparations, animals for slaughter and poultry. In 1930, a joint-stock company

Chamber of Agriculture at Kaunas.

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## V. CO-OPERATION[1]

Co-operative thrift and loan societies of the modern type began to be organised in 1873 and, since their foundation, have greatly contributed to the increase of rural prosperity.

1. The importance of credit in rural life is well known. In the event of loss through fire, sickness among live-stock or bad crops, or on the partition of property between the various members of a family in case of succession, etc., the peasant was obliged to apply to a moneylender in the nearest market town — often the innkeeper — who would lend only on highly unfavourable terms, at a rate of interest rising in some cases to 300% represented by periodic payments in kind (grain, animals, etc.). Furthermore, the moneylender reserved to himself the exclusive right of purchasing his debtor's produce, so that the prices paid to the peasant were extremely low. As a result of these abuses, peasants frequently became insolvent and were evicted from their farms.

The creation of rural credit establishments permits of the organisation of agricultural credit on a fairer basis and in a manner more in keeping with agricultural requirements. The rate of interest is much lower. The peasant can dispose of his produce as he thinks fit and has less hesitation in borrowing for the improvement of his farm — *e.g.*, by purchasing up-to-date equipment, chemical fertilisers, better quality seed, breeding-stock, etc. The creation of rural credit co-operative societies also fosters his native thrift by encouraging him to invest his savings.

2. The peasants' trading co-operative societies — rural consumers' co-operative societies and purchasing and selling societies — which have grown up in Lithuania since 1880 and, above all, since the beginning of the twentieth century, have accustomed the peasants to the management of co-operative undertakings and have thus brought about great and beneficial changes in rural trading through the elimination of short weight, adulterated and low quality goods and, most important of all, by regularising prices. It used to be difficult for the peasants to obtain the articles necessary for the improvement of agricultural production — *e.g.*, chemical fertilisers, which were frequently adulterated by private dealers, better quality seeds,

[1] See the article on "La coopération agricole en Lithuanie" in the *Bulletin mensuel de renseignements économiques et sociaux*, No. 10, 1933, of the International Institute of Agriculture.

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474 agricultural machinery, etc. Without the co-operative societies, the acquisition of these indispensable articles would have been almost impossible. Machinery to facilitate the various processes of farming and tools by which the land could be more efficiently prepared were shown to peasants at exhibitions, conferences and practical demonstrations organised by the rural co-operative societies.

474 242 3. Before the war, when Lithuania was still part of Russia, it was only towards 1911 or 1912 that action to encourage technical progress in agriculture could be developed on anything like a wide scale. Before that date, and particularly since 1906, much had been done in this sphere by the co-operative organisations — agricultural societies and farmers' clubs. At the meetings held by these organisations, many questions relating to the improvement of agricultural production were discussed. Exhibitions, courses of instruction and lectures were regularly held and visits were organised to model farms, experimental stations and demonstrations of agricultural instruments; schools of agriculture were founded and journals were published. General questions of importance to agriculturists were also discussed — *e.g.*, the flight from the land, the problem of agricultural labour, means of transport, hygiene and social insurance.

4. Since the end of the nineteenth century, propaganda has been conducted for the development of stock-breeding, particularly for the purposes of the dairy industries, as a substitute for the corn-growing to which Lithuanian agriculturists used largely to confine themselves. This propaganda was directed, in the first instance, to the owners of large agricultural estates and was subsequently extended to the owners of medium and small holdings also.

474 [727] The valuable activities of the co-operative societies in this sphere were interrupted by the war, during which Lithuanian agriculture suffered greatly: there was a fall of 38% in the number of horses, 47% in cattle, 44% in pigs and 30% in sheep; approximately 35% of the arable land was lying fallow and 1,200 villages with 14,270 agricultural undertakings, 2,000 separate undertakings and fifty townships, comprising a total of 57,080 buildings, were destroyed. The independent State of Lithuania was raised from the ruins without any compensation being received for the losses suffered. The co-operative societies applied themselves to the revival of rural life. Henceforward, their activities were better organised, as they were allowed to form unions and were able to concern themselves with the most varied branches of rural life.

In 1918, only 10% of the co-operative societies in being before the war still remained, so that the network of societies had to be extended. In consequence, many new societies of

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the most varied types were founded. To the functions they already performed — provision of credit for agriculturists, supplying of consumption goods and agricultural requirements, encouragement of the use of selected seeds and pure-bred stock, co-operative manufacture of milk products — they added the purchase of agricultural produce and the organisation of its sale in foreign markets. Cereals, vegetables, potatoes, linseed, eggs, flax and other agricultural products were previously inadequately prepared both for home and for foreign markets, with the result that the prices received by the peasant were low. The co-operative societies have improved the marketing of agricultural produce; standards have been laid down

Co-operative dairy.

and are rigorously adhered to. The Government has also helped to regulate this aspect of rural life by the enactment of laws on the control of agricultural produce, the texts of which were prepared by the co-operative organisations themselves. These organisations have also given proof of initiative in organising and developing the export of cattle and pigs. At a time when the export of bacon and live animals could only be handled with difficulty by private enterprise, the unions of co-operative societies acquired a very extensive undertaking for the export of live-stock, developed it and subsequently made it over to the "Maistas" joint-stock company. This rendered possible the efficient export of meat and, more particularly, bacon and poultry.

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474 poultry. The same is true of the export of eggs, which has been taken over by a co-operative organisation (" Pienocentras ") and is increasing yearly.

Similarly, without the activities of co-operative organisations, the efforts of the Ministry of Agriculture and the Chamber of Agriculture to increase rural prosperity would not have been so rich in results.

The co-operative societies create more favourable conditions for the agriculturists' activities; they facilitate rational production and enable agriculturists to obtain the necessary supplies on more favourable terms. In consequence, the income of the agricultural classes has been increased and their cultural level raised.

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# C O N S T I T U T I O N

(Fundamental Law)

of the

LITHUANIAN

SOVIET SOCIALIST

REPUBLIC

of August 25, 1940

As amended through April 7, 1948

## Chapter I. The Social Structure

642 Art. 1. The Lithuanian Soviet Socialist Republic is a socialist state of workers and peasants.

Art. 2. The political foundation of the Lithuanian SSR is the Soviets of Working People's Deputies, firmly established as a result of the overthrow of the power of the landlords and the capitalists and the establishment of the dictatorship of the proletariat.

Art. 3. All power in the Lithuanian SSR belongs to the working people of town and country as represented by the Soviets of Working People's Deputies.

471 Art. 4. The economic foundation of the Lithuanian SSR is the socialist system of economy and the socialist ownership of the instruments and means of production, firmly established as the result of the liquidation of the capitalist system of economy, the abolition of private ownership of the instruments and means of production in large industrial enterprises, and the nationalization of such enterprises, banks, transport and means of communication with a view to the complete abolition of the exploitation of man by man and the construction of a socialist system of society.

421 Art. 5. Socialist property in the Lithuanian SSR exists either in the form of state property (belonging to the whole people) or in the form of co-operative property.

Art. 6. The land, its mineral wealth, waters, forests, mills, factories, mines, rail, water and air transport, banks, communications, large state-organized agricultural enterprises (state farms, machine and tractor stations and the like), as well as municipal enterprises and large dwelling houses in the cities and industrial localities, are state property, that is, belong to the whole people.

474 Art. 7. The common enterprises of co-operative organizations, with their
421 livestock and implements, the products of co-operative organizations, as well as their common buildings, constitute the common, socialist property of the co-operative organizations.

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